

Fuel Fund of Maryland, Inc.
Audited Financial Statements

June 30, 2015 and 2014

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Independent Auditor's Report

Board of Trustees
Fuel Fund of Maryland, Inc.
Baltimore, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of Fuel Fund of Maryland, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fuel Fund of Maryland, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Fitzpatrick, Leary + Szarka, LLC

Timonium, Maryland
September 25, 2015

Fuel Fund of Maryland, Inc.

Statements of Financial Position

June 30,	<u>2015</u>	<u>2014</u>
Assets		
Current Assets:		
Cash and cash equivalents, including money market funds of \$185,939 in 2015 and \$278,772 in 2014	\$ 1,423,362	\$ 586,637
Contributions receivable	2,722,745	4,147,530
Prepaid expenses	<u>2,523</u>	<u>2,683</u>
Total current assets	<u>4,148,630</u>	<u>4,736,850</u>
Property and Equipment:		
Furniture and equipment	33,601	33,601
Software	<u>375,758</u>	<u>84,677</u>
Total	409,359	118,278
Less accumulated depreciation	<u>(80,959)</u>	<u>(28,949)</u>
Net property and equipment	<u>328,400</u>	<u>89,329</u>
Other Assets:		
Contributions receivable - long-term	-	2,584,315
Investments	5,199,368	4,983,951
Security deposit	<u>2,926</u>	<u>2,926</u>
Total other assets	<u>5,202,294</u>	<u>7,571,192</u>
Total Assets	<u>\$ 9,679,324</u>	<u>\$ 12,397,371</u>

	<u>2015</u>	<u>2014</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 68,362	\$ 304,717
Accrued expenses	56,607	23,305
Total current liabilities	<u>124,969</u>	<u>328,022</u>
Net Assets:		
Unrestricted	1,620,451	1,292,611
Temporarily restricted	<u>7,933,904</u>	<u>10,776,738</u>
Total net assets	<u>9,554,355</u>	<u>12,069,349</u>
Total Liabilities and Net Assets	<u>\$ 9,679,324</u>	<u>\$ 12,397,371</u>

The notes to financial statements are an integral part of these statements.

Fuel Fund of Maryland, Inc.

Statements of Activities

For the years ended June 30,

2015

2014

UNRESTRICTED NET ASSETS

Unrestricted Revenues, Gains and Other Support:

Utility credits	\$ 3,825,008	\$ 3,816,218
Donated facilities and services	-	1,110
Foundation grant revenue	244,129	180,573
Individual and corporate revenue	1,032,142	1,509,726
Investment income	101,863	248,654
Net assets released from restriction	<u>3,004,054</u>	<u>3,969,253</u>
Total unrestricted revenues, gains and other support	<u>8,207,196</u>	<u>9,725,534</u>

Expenses:

Program services	6,899,628	8,049,054
Management and general	302,648	172,986
Fundraising	<u>677,080</u>	<u>489,288</u>
Total expenses	<u>7,879,356</u>	<u>8,711,328</u>

Increase (decrease) in unrestricted net assets

327,840 1,014,206

TEMPORARILY RESTRICTED NET ASSETS

Contributions	161,220	377,280
Net assets released from restrictions	<u>(3,004,054)</u>	<u>(3,969,253)</u>

(Decrease) increase in temporarily restricted net assets

(2,842,834) (3,591,973)

(Decrease) increase in total net assets

(2,514,994) (2,577,767)

Net assets - beginning of year

12,069,349 14,647,116

Net assets - end of year

\$ 9,554,355 \$ 12,069,349

The notes to financial statements are an integral part of these statements.

Fuel Fund of Maryland, Inc.

Statements of Cash Flows

For the years ended June 30,	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (2,514,994)	\$ (2,577,767)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Loss on disposal of fixed assets	-	87
Depreciation	56,024	10,319
Unrealized loss (gain) on investments	96,428	(211,671)
Realized (gain) loss on investments	(34,220)	5,359
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contributions receivable	4,009,100	7,624,365
Prepaid expenses	160	3,002
Security deposit	-	(350)
Increase (decrease) in:		
Accounts payable	(236,355)	230,191
Accrued expenses	33,302	14,213
Net cash provided by operating activities	<u>1,409,445</u>	<u>5,097,748</u>
Cash flows from investing activities:		
Purchase of investments	(2,708,860)	(5,027,194)
Proceeds from sale of investments	2,431,236	249,555
Purchases of property and equipment	(295,096)	(77,841)
Net cash used in investing activities	<u>(572,720)</u>	<u>(4,855,480)</u>
Net increase in cash and cash equivalents	836,725	242,268
Cash and cash equivalents, beginning of year	<u>586,637</u>	<u>344,369</u>
Cash and cash equivalents, end of year	<u>\$ 1,423,362</u>	<u>\$ 586,637</u>

The notes to financial statements are an integral part of these statements.

Fuel Fund of Maryland, Inc.

Statements of Functional Expenses

For the years ended June 30,

2015

2014

	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and related expenses:								
Salaries	\$ 405,584	\$ 147,500	\$ 222,679	\$ 775,763	\$ 287,992	\$ 80,658	\$ 209,179	\$ 577,829
Payroll taxes	32,513	13,353	14,612	60,478	22,806	6,643	16,919	46,368
Employee benefits	20,581	8,980	9,827	39,388	11,941	3,344	8,673	23,958
Total salaries and related expenses	458,678	169,833	247,118	875,629	322,739	90,645	234,771	648,155
Other operating expenses:								
Bank charges	-	-	19,456	19,456	-	-	19,575	19,575
Board expense	-	-	-	-	-	1,587	-	1,587
Contract labor	8,098	8,097	-	16,195	16,276	22,970	-	39,246
Consulting	40,756	45,394	2,061	88,211	57,582	16,877	24,820	99,279
Depreciation	51,481	4,543	-	56,024	8,255	2,064	-	10,319
Equipment maintenance	249	73	108	430	1,744	511	752	3,007
Fuel assistance	2,423,845	-	-	2,423,845	3,738,496	-	-	3,738,496
Fundraising	-	-	255,959	255,959	-	1,925	137,025	138,950
Insurance	-	4,240	-	4,240	-	3,378	-	3,378
Marketing/education	48,773	-	113,805	162,578	52,302	-	52,302	104,604
Meetings and conferences	3,544	-	-	3,544	2,330	-	-	2,330
Membership and dues	-	37,116	23,101	60,217	5,377	-	5,377	16,131
Miscellaneous	-	5,770	-	5,770	-	2,676	-	2,676
Rent	15,981	6,974	7,631	30,586	9,977	9,977	8,553	28,507
Postage	5,794	2,528	2,767	11,089	3,553	1,042	1,532	6,127
Professional fees	-	12,520	-	12,520	-	9,590	-	9,590
Supplies	6,296	2,747	3,006	12,049	7,074	2,073	3,049	12,196
Telephone	2,624	2,624	1,312	6,560	2,184	2,184	1,092	5,460
Training	-	-	-	-	-	-	-	-
Travel	8,501	189	756	9,446	4,947	110	440	5,497
Utility credits	3,825,008	-	-	3,825,008	3,816,218	-	-	3,816,218
Total other operating expenses	6,440,950	132,815	429,962	7,003,727	7,726,315	82,341	254,517	8,063,173
Total expenses	\$ 6,899,628	\$ 302,648	\$ 677,080	\$ 7,879,356	\$ 8,049,054	\$ 172,986	\$ 489,288	\$ 8,711,328

The notes to financial statements are an integral part of these statements.

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2015 and 2014

1. Nature of Operations

The Fuel Fund of Maryland provides resources to vulnerable Maryland families for heat and home utility needs. Termination of utility service is a traumatic event for families and communities. Through the generosity of thousands of private donors, the Fuel Fund keeps families connected, safe, and warm.

The mission of the Fuel Fund is accomplished through two programs: Bill Assistance – raising funds that are used to assist low income individuals and families pay their utility bills; and, Watt Watchers of Maryland – an energy conservation education program that teaches people how to conserve utilities and save money on their utility bills.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Fund considers cash on hand, cash on deposit with banks, money market funds and all unrestricted highly liquid investments with an original maturity of three months or less, to be “cash and cash equivalents”.

The Fund maintains cash in bank and money market accounts which, at times, may exceed federally insured limits. The Federal Deposit Insurance Corporation (“FDIC”) limits provide insurance on all interest and non-interest bearing account balances up to \$250,000. The Fund believes that the associated risk has been mitigated by maintaining cash balances in high quality financial institutions. Additionally, the Fund has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. At June 30, 2015 and 2014, the Fund’s cash accounts exceeded federally insured limits by \$1,292,444 and \$496,325, respectively.

Contributions Receivable

Contributions receivable represent amounts due from contributors based on unconditional promises to give and are considered fully collectible. Accordingly, no allowance for doubtful accounts is provided.

Property and Equipment and Depreciation

Property and equipment are stated at cost. Expenditures for maintenance, repairs and renewals are charged to expense as incurred. Expenditures for additions, improvements and replacements in excess of \$750 are added to the property and equipment accounts and depreciated over their estimated useful lives. When assets are retired or sold, the related costs and accumulated depreciation are removed from the accounts, and any gain or loss on disposition is recognized in income.

Depreciation is provided under the straight-line method over the estimated useful lives of the respective assets. Property and equipment (consisting of furniture and equipment) is

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

depreciated over estimated useful lives of 3 to 5 years. Depreciation expense was \$56,024 and \$10,319 for the years ended June 30, 2015 and 2014, respectively.

Restricted and Unrestricted Revenue Recognition

Contributions are recognized as income when the donor makes an unconditional promise to give to the Fund. Contributions and grants received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor imposed restrictions. Additionally, recognition and collectability of contributions are evaluated based on historical collection trends of specific types of promises to give.

The Fund reports contributions of cash and other assets (including grants) as restricted support if they are received with donor stipulations that limit the time period or manner of use of the contribution. These donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires (that is, when a stipulated time restriction or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as "net assets released from restriction." Donor restricted contributions that are both received and satisfied within the same year are recorded as unrestricted support.

Grants are generally conditioned on spending the funds in accordance with the terms of the grant. Funds not spent are usually refundable to the granting agency. The Fund recognizes revenue from conditional grants as the related expenses are incurred. Funds expended in excess of collections are recorded as "accounts receivable" and funds received but not spent are recorded as "deferred revenue" on the Statements of Financial Position.

Donated Services

The Fund receives various types of donated services each year. Some of these donated services relate to media promotions on behalf of the Fund. It is common industry practice for organizations similar to the Fund not to record donated media promotions. Accordingly, no revenue or expense relating to such donated services has been recorded in the accompanying financial statements of the Fund for the years ended June 30, 2015 and 2014.

In-kind revenue recognized related to donated gift cards totaled \$-0- and \$1,110 for the years ended June 30, 2015 and 2014.

No amounts have been recorded in the accompanying financial statements for donated services of other volunteers as no objective basis is available to measure the value of such services. However, a substantial number of volunteers donated significant amounts of their time to the Fund's program services.

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Basis of Accounting

The financial statements of the Fund have been prepared on the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification. Under these standards, the Fund is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Unrestricted net assets - Unrestricted net assets are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. These assets are currently available to support the Fund's operations.

Temporarily restricted net assets - Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Fund pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.

Permanently restricted net assets - Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Fund's actions. The Fund had no permanently restricted net assets at June 30, 2015 and 2014.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

Income Taxes

The Fund is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and is classified as an "other than private foundation" (public charity).

The Fund accounts for income tax provisions in accordance with Financial Accounting Standards Board Accounting Standards Concept Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which creates a single model to address uncertainty in tax positions and clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. The Fund believes that its income tax filing positions and deductions will be sustained upon examination and, accordingly, has not recorded any reserves, or related accruals for interest and penalties, at June 30, 2015 and 2014 for uncertain income tax positions. The Fund continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Fund has adopted a policy under which, if required to be recognized in the future, it will classify interest related to the underpayment of income taxes as a component of interest expense, and it will classify any related penalties in operating expenses in the Statements of Activities. With few exceptions, the Fund is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years before 2012.

Advertising

Advertising is expensed as incurred. Advertising expense for the years ended June 30, 2015 and 2014 totaled \$52,435 and \$4,500, respectively, and is included in marketing/education expense in the accompanying Statements of Functional Expenses.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statements of Financial Position. The change in net unrealized appreciation of marketable securities for the year is included in the accompanying Statements of Activities under the caption "investment income." Realized gains and losses on sales of investments are computed on a specific identification basis, are recorded on the trade date of the transaction and are also included in "investment income."

The Fund's portfolio is a professionally managed portfolio that contains fixed income and equity funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2015 and 2014

2. Summary of Significant Accounting Policies (continued)

Fair value measurements

The Fund has characterized its investments in securities based on the priority of inputs used to value the investments, based on a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the investments. Marketable securities recorded in the financial statements are categorized based on the inputs to valuation techniques as follows:

Level 1 - These are investments where values are based on unadjusted quoted prices for identical assets in active markets that the Fund has the ability to access. All stocks currently held by the Fund are considered to be level 1.

Level 2 - These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments. All marketable securities in fixed income funds and equity funds currently held by the Fund are considered to be level two.

Level 3 - These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. The Fund currently has no level 3 investments.

Reclassifications

Certain amounts from 2014 have been reclassified to conform to the 2015 presentation with no effect on previously reported net assets or changes in net assets.

3. Investments

In 2014 the Fund received payments from the Public Service Commission of Maryland as a condition of the merger of Constellation Energy Group, Inc. and Exelon Corporation. Under the terms of the award, the Fund was to use \$5,000,000 of the payments received to develop a quasi-endowment fund as a stable and sustainable resource to meet the true demand for energy assistance. The net assets associated with the quasi-endowment fund are classified as temporarily restricted net assets at June 30, 2015 and 2014, respectively.

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2015 and 2014

3. Investments (continued)

Marketable securities consist of the following at June 30:

	2015		
	Cost	Unrealized Appreciation (Depreciation)	Fair Value
Fixed income funds	\$ 1,208,892	\$ (3,023)	\$ 1,205,869
Equity Funds	2,845,186	138,316	2,983,502
Stocks	1,030,047	(20,050)	1,009,997
Total	<u>\$ 5,084,125</u>	<u>\$ 115,243</u>	<u>\$ 5,199,368</u>

	2014		
	Cost	Unrealized Appreciation	Fair Value
Fixed income funds	\$ 995,918	\$ 3,488	\$ 999,406
Equity Funds	3,776,362	208,183	3,984,545
Total	<u>\$ 4,772,280</u>	<u>\$ 211,671</u>	<u>\$ 4,983,951</u>

The following schedule summarizes investment return and its classification in the Statements of Activities for the years ended June 30:

	2015		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 164,070	\$ -	\$ 164,070
Realized gain on sale of investments	34,220	-	34,220
Unrealized gains on investments	(96,427)	-	(96,427)
Total	<u>\$ 101,863</u>	<u>\$ -</u>	<u>\$ 101,863</u>

	2014		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 42,342	\$ -	\$ 42,342
Realized loss on sale of investments	(5,359)	-	(5,359)
Unrealized gains on investments	211,671	-	211,671
Total	<u>\$ 248,654</u>	<u>\$ -</u>	<u>\$ 248,654</u>

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2015 and 2014

3. Investments (continued)

Investment income is reported net of investment fees totaling \$16,639 and \$11,157 for the years ended June 30, 2015 and 2014, respectively.

An investment may be considered to be impaired if its cost basis exceeds its fair value, thus resulting in unrealized depreciation. Management feels that the investment portfolio's unrealized losses are temporary and no significant losses other than those already recorded will be recognized on these investments.

The following schedule summarizes investments in the portfolio that were in a loss position as of June 30:

	2015		
	Fair Value	Unrealized Losses	
		Less than 12 months	12 months or more
Fixed income funds	1,205,869	3,023	-
Equity Funds	598,088	13,808	-
Stocks	571,897	37,557	-
Total	<u>\$ 2,375,854</u>	<u>\$ 54,388</u>	<u>\$ -</u>

	2014		
	Fair Value	Unrealized Losses	
		Less than 12 months	12 months or more
Equity Funds	<u>\$ 245,868</u>	<u>\$ 1,687</u>	<u>\$ -</u>

Fair values of assets measured on a recurring basis are as follows at June 30:

	2015		
	Fair Value	Quoted Prices in Active Markets (Level 1)	Quoted Prices in Inactive Markets (Level 2)
		Fixed income funds	\$ 1,205,869
Equity Funds	2,983,502	-	2,983,502
Stocks	1,009,997	1,009,997	-
Total	<u>\$ 5,199,368</u>	<u>\$ 1,009,997</u>	<u>\$ 4,189,371</u>

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2015 and 2014

3. Investments (continued)

	2014		
	Fair Value	Quoted Prices in Active Markets (Level 1)	Quoted Prices in Inactive Markets (Level 2)
Fixed income funds	\$ 999,406	\$ -	\$ 999,406
Equity Funds	3,984,545	-	3,984,545
Total	<u>\$ 4,983,951</u>	<u>\$ -</u>	<u>\$ 4,983,951</u>

4. Contributions Receivable

The Fund solicits contributions for specific purposes and also to cover management and general costs.

In November 2012, the Fund was awarded \$14,871,204 from the Public Service Commission of Maryland as a condition of the merger of Constellation Energy Group, Inc. and Exelon Corporation. Under the terms of the award, the funds are to be utilized for the expansion of energy assistance, expansion of energy education and awareness, and the development of a quasi-endowment fund as a stable and sustainable resource to meet the true demand for energy assistance. This award has been accounted for as an unconditional promise to give.

Contributions receivable represent unrestricted and unconditional promises to give. Unconditional promises to give totaled \$2,722,745 and \$6,731,845 as of June 30, 2015 and 2014, respectively. The total amount expected to be received at June 30, 2015 and 2014 is recorded at the present value of the expected future cash flows using a discount rate of 4 percent. Contributions receivable consist of the following at June 30:

	2015	2014
Contributions receivable	\$ 2,766,740	\$ 6,937,060
Less: unamortized discount	(43,995)	(205,215)
Present value	<u>\$ 2,722,745</u>	<u>\$ 6,731,845</u>

The total of contributions receivable is reflected in the Statement of Financial Position as follows at June 30:

	2015	2014
Contributions receivable - current	\$ 2,722,745	\$ 4,147,530
Contributions receivable - long-term	-	2,584,315
Total	<u>\$ 2,722,745</u>	<u>\$ 6,731,845</u>

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2015 and 2014

4. Contributions Receivable (continued)

Scheduled future payments on the promises to give are as follows at June 30:

	<u>2015</u>	<u>2014</u>
Within one year	\$ 2,766,740	\$ 4,282,820
Within one to five years	-	2,654,240
Total	<u>\$ 2,766,740</u>	<u>\$ 6,937,060</u>

5. Utility Credit Program

BGE has a component regulated into its utility rates to provide funds to be used to assist persons with limited incomes with the payment of energy bills. These funds are distributed each year in the form of matching energy credits from BGE. In order to qualify for the credits, customers must demonstrate financial need. Under the program, BGE provides one dollar of energy credit assistance for every two dollars paid by qualifying customers and the Fuel Fund (on behalf of the qualifying BGE customers).

In order to raise matching funds to assist needy BGE customers, the Fund solicits donations from BGE customers through an annual envelope campaign. In addition, the Fund solicits donations and grants from corporate and private donors and religious organizations to provide assistance.

The Fuel Fund administers the utility credit program on behalf of BGE through a series of local agencies. The Fund assists Maryland residents in demonstrating financial need, provides administrative staff to administer the program, and provides matching funds.

Based on the process employed by the Fund to reserve and distribute the credits, management considers the credits to be effectively received as income and expended by the Fund. The Fund administered the distribution of utility credits in the amounts of \$3,825,008 and \$3,816,218 for the years ended June 30, 2015 and 2014, respectively. Accordingly, these amounts are reflected in the accompanying statements of activities as both revenue and program expense.

6. Commitments

The Fund leases office space for its corporate offices. The lease agreement is classified as an operating lease for financial reporting purposes. The base rent is \$11,663 plus \$9,044 for operating expenses for a total of \$20,707 per year for the lease term. The lease also contains certain escalation clauses for increases in operating expenses as well as a 3% annual increase in the base rent. Additional rent will be charged to reflect the Fund's proportionate share of any future increases in operating expenses. The Fund also leases one additional office space

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2015 and 2014

6. Commitments (continued)

under a month to month contract for \$325 per month. Rent expense was \$30,586 and \$28,507 for the years ended June 30, 2015 and 2014, respectively.

Future minimum payments required under this lease are as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2016	21,947
2017	12,932
Total	<u>\$ 34,879</u>

7. Concentrations

The Fund has one donor that comprised 96% and 94% of the total of contributions receivable for the years ended June 30, 2015 and 2014, respectively. The Fund believes that the concentration of credit risk is limited due to the reputation of, financial stability of, and the Fund's history with the donor.

Approximately 48% and 39% of the Fund's unrestricted revenues for the years ended June 30, 2015 and 2014, respectively, represent utility credits provided through Baltimore Gas and Electric Company.

8. Defined Contribution Plan

The Fund instituted a 403(b) defined contribution plan for its employees during fiscal year 2001. Under the terms of the Plan the Fund contributes up to 50% of the first 6% of eligible employees' wages. The Plan is available to all full time employees (full time employees are defined as employees working greater than 20 hours per week) meeting the eligibility requirements of the Plan. Plan participant eligibility is based on years of service (minimum of six months of service) and age (must be age 21 or older). Plan expense totaled \$12,650 and \$10,103 for the years ended June 30, 2015 and 2014, respectively.

Fuel Fund of Maryland, Inc.

Notes to Financial Statements

For the years ended June 30, 2015 and 2014

9. Restricted Net Assets

Temporarily restricted net assets are as follows as of June 30:

	<u>2015</u>	<u>2014</u>
Quasi-endowment fund	\$ 5,000,000	\$ 5,000,000
Energy bill assistance	2,914,036	5,756,470
Power of Home	19,868	20,268
Total	<u>\$ 7,933,904</u>	<u>\$ 10,776,738</u>

10. Subsequent Events

Management has evaluated subsequent events through September 25, 2015, the date the financial statements were available to be issued. Subsequent to year end, the Fund engaged the former executive director to perform various transitional duties for a one-year period expiring June 30, 2016.